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The book is a splendid contribution to the subject it discusses. Sometimes the wealth of learning possessed by the author seems to lead him into fields the exploration of which adds but little to the discussion in hand and makes the book more difficult reading than it would otherwise be. The views advanced are founded upon a long experience as a magistrate, and are especially valuable to those who are engaged in the application of law as it is.

O. S. R.

A COMPARATIVE STUDY OF THE LAW OF CORPORATIONS. By Arthur K. Kuhn. New York: Longmans, Green, and Company. 1912. pp. 173.

This little book is learned and interesting. After tracing the origin and development of the legal conception of a corporation in Ancient Times, in the Middle Ages, and in England, the author gives a summary of the laws of the principal countries of Continental Europe (excepting Austria and Russia) and of England and America, which relate to the organization and operation of corporations, considered with particular reference to the protection of creditors and shareholders. Within the limits of his space of course nothing more than a summary was possible, but in this summary the author has succeeded in giving a very clear presentation of the salient differences between (a) the law of Continental Europe and the Anglo-American law; (b) the laws of France and Germany and Italy and Spain and Switzerland; and (c) the laws of England and America.

The author prefers the German system — the thoroughness and *gelehrtheit* of the German naturally fascinates a scholarly mind — and seems to regard it as one to be applied generally. "What is required," he says, speaking of legislation and reform in England and America, "is an effective control over organization and administration; not a mere change in the association type" (p. 115). He considers that the German system, with its drastic penal laws, and with its provisions for publicity, and for a managing directorate, subject at all times to the control of the stockholders and the general supervision of the supervising council, affords the most effective guaranties for the protection of investor and creditor (p. 134). And, in accord with a widely current opinion of to-day, he assumes that "the overcapitalization of corporations has ever been one of the chief sources of evil resulting from the corporate form." As the author is considering the subject from the point of view of what is required for the protection of creditors and shareholders, this must mean that overcapitalization is an evil, so far as creditors and shareholders are concerned. But is this correct?

The author himself admits (p. 115) that "only the most ignorant will assume that the par value of a share of stock must necessarily be its real value." And is it not also true that only the most ignorant stockholder will so assume? The fact is that neither the creditor nor the *investing* stockholder ever measures the credit and responsibility of a corporation by its nominal capitalization, but solely by its assets and the character and ability of the men who are managing it. The creditor and the *investing* stockholder know that the capital stock, in so far as it exceeds the actual present assets of the corporation, represents merely an optimistic estimate as to its earning power. And looking at the matter broadly and beyond the interests of the creditor and investing stockholder of the particular corporation, must we not say that the evils of overcapitalization have been greatly overestimated, and that its advantages have been greatly underestimated or entirely disregarded? The panics of 1873 and 1893 did not result from the overcapitalization of corporations, nor were their evil effects accentuated by it. The Wall Street panic of 1884 affected

only a relatively small number of speculators, and made but a slight impression upon the general business and prosperity of the country. The panic of 1907 began with the disclosure of rottenness in our national banks, the most regulated and supervised of all our corporations. Its ravages were stayed by the action of the United States Steel Corporation, the most heavily over-capitalized of our corporations, and the recovery from the panic was quickened, when it was revealed that our industrial enterprises, including the over-capitalized, were intrinsically sound and honestly managed. Our great railway corporations, overspreading the great Western country and pouring wealth into the lap of the monopoly-hating bucolic, were built with the aid of "watered stock," and now that our statute law, in harmony with the Continental law, generally condemns "watered stock," the door of opportunity is closed for many an enterprising man of limited means.

The comparative study of law, which is now receiving increasing attention, will undoubtedly promote the improvement of legal systems and should be encouraged. But we should never lose sight of the fact that a law good for one country may not be good for another — and that a sound system of law must be broad-based upon the ideas and particular conditions of the nation which is governed by it.

While one may differ with Dr. Kuhn as to some of his conclusions, his treatise may be commended as a very useful introduction to this comparative study of law, so far as corporations are concerned.

G. F. C.

THE FRAMING OF THE CONSTITUTION OF THE UNITED STATES. By Max Farrand. New Haven: Yale University Press. 1913. pp. xi, 281.

This book presents briefly and clearly the requisite information as to the federal convention which framed the Constitution. Both in choice of matter and in method of treatment the author has done his work well. From the large mass of available material — a mass already collected in his three volumes entitled *The Records of the Federal Convention* — he has selected the points which are essential; and by presenting these points in an appropriate order and interweaving with them indications of the views of the statesmen of the time, he has produced a narrative which, besides being accurate and useful, is easy to read and easy to remember. The reasons for calling the convention, the preliminary steps, the prominent features of the "Virginia Plan" and of the "New Jersey Plan," the compromises, the committee of detail — all these topics have adequate treatment. Besides, there is an interesting background of history and of biography, so that an important by-product of the book is knowledge of the problems and persons of that time now recognized as the critical period of American constitutional history. In proceeding systematically through the chief events of the convention the author sometimes places in a light which is new, or at least uncommonly clear, facts not always emphasized. Thus there is indication of the convention's knowledge that the federal courts would disregard unconstitutional acts of Congress (pp. 120, 121, 157), and there is mention of the use which the framers of the Constitution made of ideas and phraseology found in the Articles of Confederation and in the state constitutions (pp. 127-129, 139). An appendix contains the Articles of Confederation, the Virginia Plan, the New Jersey Plan, and the Constitution, thus enabling the reader to verify many of the author's statements and to make further comparison of the documents. Finally, the author has added to the interest of his volume by expressing now and then some personal opinions of his own which may excite opposition — for example, views as to the relative influence of Washington, Franklin, Madison, Hamilton, and Charles Pinckney,